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## **B. ADMINISTRATIVE CONTROL AND REGULATION OF CREDIT— QUANTITATIVE**

### **1. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF RESEARCH AND STATISTICS**

#### *Relations of governmental activities to credit policies*

This involves analysis of governmental operations relating to taxation, budgets, and public debt, and also the operation of various governmental credit agencies and the social security program, with respect to credit policies of the Federal Reserve System.

The project includes a number of special and continuing studies made for the use of the Board. Some of the results appear in connection with announcements of Board policies; others may be published from time to time.

See also IIB(f) 1 and 2; IIIB<sub>3</sub> and 4

### **2. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF RESEARCH AND STATISTICS**

#### *The effects of different bases of reserve requirements*

The chief aim of this study is to test the operation of the proposal of the Federal Reserve System's Committee on Bank Reserves in 1933 for revision of the basis of com-

puting reserve requirements for member banks. The main features of this proposal were that the distinction, as to percentage of reserves to be held against the total volume of deposits, between time and demand deposits and between classes of cities be abolished; that reserves be also based upon turnover of deposits; that cash in vault be counted as reserves; and that changes be made in deductions from deposits against which reserves are computed. For the purposes of the study statistics from 1924 to 1935 covering the volume of deposits, debits against these deposits, and cash in vault were obtained from a large number of member banks, usually on a weekly basis for city banks and on a monthly basis for country banks. These data for each Federal Reserve district were compiled for groups of banks classified according to general economic characteristics of the regions in which they were located. For each group reserve requirements were computed on the basis of the Committee proposal and of the Federal Reserve Act, and the two sets of requirements were compared. Differences in the two sets of requirements were analyzed with respect to average level and to cyclical, seasonal and irregular movements. The information obtained is being used to study not only the effect of the operation of the Committee proposal but also the effects of other bases for computing reserve requirements of member banks, including probable reclassification of banks for reserve purposes.

In preparation as a special project of the Division of Research and Statistics, results will be used by the Board for the purpose of determining policy with respect to reserves and the need for new legislation. Principal results will probably be published by the Board.

See also IIIB5

### 3. SOCIAL SECURITY BOARD, BUREAU OF RESEARCH AND STATISTICS

#### *The operation and effects of the Unemployment Trust Fund*

This project is devoted to the financial problems connected with the operation of the Unemployment Trust Fund provided for under the Social Security Act. The central objective is to determine the effects that the operation of the Fund may have on fiscal policies. As now planned, the investigation is to be directed to: (a) an examination of operating problems resulting from the possibilities of irregularities in deposits and withdrawals; (b) the economic effects of the present scheme as opposed to separate state funds; (c) effects on fiscal policy; (d) effects on the government bond market and the money market in general; (e) the relation of the Fund to credit control policies; (f) the impact of cyclical factors on the operation of the Fund.

At present in a preliminary stage under the direction of Eleanor L. Dulles as a Bureau of Research and Statistics project, an approximate date of completion or of publication cannot be indicated.

See also IIIB<sub>1</sub> and D<sub>2</sub>

### 4. SOCIAL SECURITY BOARD, BUREAU OF RESEARCH AND STATISTICS

#### *Federal management of trust funds*

The experience of the government in the management of special trust funds authorized by Congress is being studied in relation to the problems that will be encountered in the operation of trust funds provided for under

the Social Security Act. This project involves an examination of the various types of trust fund with which the Treasury has had experience and the records of their administration, in particular the Civil Service Retirement Fund because of its special relevance to problems in the operation of the Old Age Reserve Account. Most of the materials for the study are to be secured from other governmental agencies.

In preparation under the direction of Eleanor L. Dulles as a project of the Bureau of Research and Statistics. When available, the findings will be released in a special report issued by the Bureau.

See also IIIB<sub>1</sub>

5. AMERICAN BANKERS ASSOCIATION, ECONOMIC POLICY COMMISSION

*Study of reserve requirements*

In view of the authority of the Board of Governors of the Federal Reserve System, granted in the Banking Act of 1935, to increase or decrease the reserve requirements of member banks, the Economic Policy Commission is reexamining the problem of bank reserves.

It is expected that a report on the findings of the study will be submitted in 1937.<sup>1</sup>

See also IIIB<sub>2</sub>

<sup>1</sup> Colonel Leonard P. Ayres, Chairman of the Economic Policy Commission, also treated the problem of bank reserve requirements in his reports to the Executive Council, April 1933 and 1936.

6. BOPP, K. R.

[UNIVERSITY OF MISSOURI]

*Comparative study of central banking policies*

This investigation is devoted to a functional analysis of the credit and monetary policies of the central banking institutions of France, Germany, Great Britain and the United States. Comparative study, largely confined to the post-War period, is made along lines indicated by the following questions: (1) What areas of finance are affected by the policy of each central bank? (2) What are the agencies of policy and what responsible authorities finally decide the policies to be followed? (3) What in each case are the available instruments or tools of policy and what instruments of policy have been largely relied on in the past? (4) What has each bank tried to accomplish through its policies? (5) What indexes have been used in the making of policy? (6) To what extent have policies followed proved effective? In answering these questions, analysis is made of theories of central banking policy of central bankers and monetary theorists in each country, and also of the policies of the respective central banks as disclosed in documents and financial statistics.

Collection of materials was begun in 1932 under a fellowship granted by the Social Science Research Council. Several segments of the study have been finished and published as articles in professional journals.<sup>1</sup> Other sections will be published in article form as completed.

<sup>1</sup> Die Organe der Bundesreservepolitik, *Weltwirtschaftliches Archiv*, July 1933, Vol. 38, pp. 223-36; Recent Literature on the Federal Reserve System, *ibid.*, July 1934, Vol. 40, pp. 5-10; Die Politik der Deutschen Reichsbank seit der Stabilisierung, *ibid.*, November 1935, Vol. 42, pp. 446-83; and *The Agencies of Federal Reserve Policy*, University of Missouri Studies, October 1935, Vol. X, pp. 5-83.